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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 21, 1999

APPLICATION OF

UNITED TELEPHONE-SOUTHEAST, INC. CASE NO. PUC990211

For authority to provide notice to its Konnarock customers of revised ELS Proposal

ORDER PRESCRIBING NOTICE

On May 12, 1998, telephone customers in United Telephone-Southeast, Inc.'s ("United") Konnarock exchange petitioned the State Corporation Commission ("Commission") for local service to the Sugar Grove, Marion, Chilhowie, and Saltville exchanges.

Konnarock customers were polled regarding their willingness to pay an increase in monthly rates for local calling to Sugar Grove, Marion, Chilhowie, and Saltville. The survey passed with a majority of the customers responding favoring the expanded local calling area.

Cost studies were then completed for the exchanges calling back to Konnarock. On March 10, 1999, Sugar Grove customers were polled regarding their willingness to pay an increase in monthly rates for local calling to Konnarock. The survey failed with a majority of the responding customers rejecting the proposal.

Marion, Chilhowie, and Saltville customers were provided public notice of the proposal, and given until October 7, 1999, to file comments or request a hearing. One Marion and one Chilhowie customer filed comments opposing the proposal.

As a result of Sugar Grove customers rejecting the proposal, the proposed monthly rate changes for Konnarock customers to call the remainder of the exchanges (Marion, Chilhowie, and Saltville) are less than those previously proposed. United has provided the Commission Staff with a revised cost study reflecting the lower rates.

United believes it is appropriate to determine the interest of Konnarock customers in expanded local calling to only three of the four exchanges originally proposed. United is requesting that notice be provided to Konnarock customers stating that Sugar Grove customers rejected calling to Konnarock, that the earlier local service proposal will be modified to remove Sugar Grove, and that the revised rates reflect this change.

NOW, having considered United's application, United's proposed public notice, and applicable law, the Commission is of the opinion that this matter should be docketed; that United should give notice of its application to its customers in the

Konnarock exchange; and those customers should be permitted to file comments and requests for a hearing on this application.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC990211.
- (2) A copy of this Order and the application shall be made available for public inspection at the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, from 8:15 a.m. to 5:00 p.m., Monday through Friday.
- (3) On or before January 20, 2000, United shall furnish by direct mail the following notice to Konnarock exchange customers:

NOTICE THAT UNITED TELEPHONE-SOUTHEAST, INC. PROPOSES TO EXPAND THE LOCAL CALLING AREA OF THE KONNAROCK EXCHANGE TO INCLUDE THE MARION, CHILHOWIE, AND SALTVILLE EXCHANGES CASE NO. PUC990211

On May 12, 1998, telephone customers in United Telephone-Southeast, Inc.'s ("United") Konnarock exchange petitioned the Virginia State Corporation Commission ("Commission") for local calling to the Sugar Grove, Marion, Chilhowie, and Saltville exchanges.

Konnarock customers were polled regarding their willingness to pay an increase in monthly rates for local calling to Sugar Grove, Marion, Chilhowie, and Saltville. This survey passed with a majority of the customers responding favoring the expanded local calling area.

Cost studies were then completed for the exchanges calling back to Konnarock. Sugar Grove customers were polled regarding their willingness to pay an increase in monthly rates for local calling to Konnarock. The survey failed with a majority of the responding customers voting against the proposal.

Marion, Chilhowie, and Saltville customers were provided public notice and given until October 7, 1999, to file comments or requests for a hearing. One Marion and one Chilhowie customer filed comments opposing the proposal.

As a result of Sugar Grove customers rejecting the proposal, the proposed monthly rate changes for Konnarock customers to call the remainder of exchanges (Marion, Chilhowie, and Saltville) are less than those previously proposed. The revised proposed increases to rates are as follows: flat rate single-party residential service, \$2.50; flat rate two-party residential service, \$1.97; flat rate four-party residential service, \$1.85; flat rate single-party business service, \$5.92; flat rate two-party business service, \$5.13; flat rate four-party business service, \$3.89; flat rate key, data, or Centrex key trunk, \$8.88; flat rate PBX or Centrex PBX Trunk, \$8.88; and customer-owned coin or semi-public coin service, \$8.88.

Customers wishing to comment on the proposed change to their local calling area or to request a hearing on the application may do so by filing, on or before February 21, 2000, such requests or comments, in writing, referring to Case No. PUC990211, with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218.

The Commission shall convene a hearing on the proposed extension of the local calling area if at least the lesser of five percent (5%) or 150 of the customers within the Konnarock exchange request a hearing; otherwise, the Commission may consider the application without convening a hearing.

UNITED TELEPHONE-SOUTHEAST, INC.

- (4) On or before February 21, 2000, United customers who may be affected by this proposal may file with the Clerk of the Commission written comments or requests for hearing on the captioned application. Any corporation shall be represented by counsel in accordance with Rule 4:8 of the Commission's Rules of Practice and Procedure and shall file an original and fifteen (15) copies of any comments or requests for hearing on or before that deadline. Individuals may file single copies. All comments and requests for a hearing shall be filed with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. PUC990211.
- (5) On or before February 21, 2000, United shall file proof of the notice required above.
- (6) The Commission shall convene a hearing on the proposed extension of the local calling area if at least the lesser of five percent (5%) or 150 of the customers within the Konnarock exchange request a hearing; otherwise, the Commission may consider the application without convening a hearing.

(7) On or before March 4, 2000, the Division of Communications shall file a report with the Commission on the comments received.